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UNCLAS SECTION 01 OF 05 NEW DELHI 001599

STATE FOR OES/PCI, OES/STC, OES/SAT, OES/EGC, AND SCA/INS
STATE FOR STAS
STATE PASS TO NSF FOR INTERNATIONAL PROGRAMS
HHS PASS TO NIH
STATE PASS TO USAID
STATE FOR SCA, OES (STAS FEDOROFF), OES/PCI STEWART; OES/IHA SINGER
PASS TO HHS/OGHA (STEIGER/HICKEY), CDC (BLOUNT/FARRELL), NIH/FIC
(GLASS/MAMPILLY), FDA (LUMPKIN/WELSCH, GENEVA FOR HOFMAN)
PASS TO MAS/DAS/JESTRADA
PASS TO MAC/DAS/HVINEYARD

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [TBIO](#) [SENV](#) [AMED](#) [CASC](#) [KSCA](#) [ECON](#) [ETRD](#) [BEXP](#) [EINV](#) [PGOV](#)
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SUBJECT: NEW DELHI ESTH REPORT: JUNE 2008 FIRST WEEK

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1. Summary: This edition of the New Delhi ESTH biweekly includes details about increased U.S. investment in India in High-tech ventures, demand for setting up 20 new Indian Institutes of Information Technology (IIIT) and a successful trial of indigenously developed Tejas Light Combat Aircraft. The environment section covers the details on South Asian Cooperative Environment Program Governing Council meeting, India's participation in the launch of the US Public Service Announcements on Wildlife Trafficking, and the Ministry of Culture sponsored event on Conservation of Natural Resources and Indian Culture. The health section includes an update on polio cases and the social implications of frequent polio vaccination rounds, AI update on the first human case in Bangladesh, and the PEPFAR India team's representation at the HIV Implementers' Meeting in Uganda.

INCREASE IN US INVESTMENTS IN HIGH-TECH VENTURES IN INDIA

2. The Indian high-tech industry in areas like Information & Communication Technology (ICT), Very Large Scale Integration (VLSI), embedded systems design, electronics hardware and engineering design are drawing considerable attention. According to Indian Semiconductor Association (ISA) estimates, the semiconductor and electronics design and manufacturing sector is cumulatively expected to generate revenue of about USD 11.8 billion this year. This high tech sector is growing at the rate of 20 to 25%, which is three times higher than the international growth rate. Thus venture

capital (VC) companies including those from US have increased investments in India. While VC investments world-wide are experiencing a slow down as per Price Waterhouse Cooper (PWC) and the National Venture Capital Association (NVCA), India along with Israel, China and Canada seem to be among the few countries seeing an increase in VC activity. According to PWC and NVCA, U.S. VCs have invested USD 350 million in 38 deals in India in the first quarter of 2008, a 42 percent increase compared to the fourth quarter of 2007. The area of focus seems to be high tech research & development and engineering.

13. Recently Silicon Media Technologies Private Limited, a technology media publishing and network platform providing company, organized a conference in Bangalore on May 24-25, 2008. The conference looked at facilitating interaction between VCs, engineers with new ideas and start-up companies showcasing new technologies. When SciFSN contacted Silicon Media they mentioned that over 4000 engineers, 300 Chief Executive Officers (CEO) and 20 VCs, working in areas such as VLSI and embedded system design, hardware development and communication technologies participated in the event. SciFSN also spoke to one of the participating startup company Axiom-Syschip, Bangalore, which has developed a new tool for fast and near faultless design of the next generation System on Chip (SoC) and System in Package (SiP). Their Managing Director, Mr. Ravishankar, said it was a very fruitful meeting and they had both business partnership enquiries and offers of next stage expansion funds. He added that in general a bigger quantum of funds is available to Indian start-ups than a few years ago.

14. The Indus Entrepreneurs (TiE), a leading global entrepreneurship nurturing organization with its origins in Silicon Valley and 44 chapters around the world, established a special focus group for educating and facilitating funding in clean and green technologies

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in Bangalore on June 6, 2008. Clean Tech focus group hopes to bring together VCs, expert analysts and senior executives in various areas such as energy generation, storage, harvesting and efficient air & environment monitoring and management, water & waste management to discuss and highlight the opportunities. TiE believes that approximately USD 19 billion would be invested in clean technologies in India by 2010. In February 2007, the Boston Chapter of TiE brought a team of 30 US-based VCs to Delhi, Bangalore, Hyderabad and Mumbai to expose them to opportunities in India. VC activity is not limited to semiconductors or information technology; life sciences are also seeing an increase in funding. In May 2008 US-based Medical Portfolio Management (MPM) Capital, the world's largest dedicated life sciences fund, made its first investment in India. It provided USD 20 million to Sai Advantium Pharma Ltd, a Hyderabad based drug discovery and development services firm. As Indian pharmacy and biotech firms move up the value chain, more opportunities are expected to emerge.

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INDIAN INSTITUTES OF INFORMATION TECHNOLOGY TO BE LAUNCHED TO
ADDRESS GROWING DEMAND

15. The demand for trained personnel in the Indian Information Technology (IT) and IT Enabled Services (ITES) sector is growing by the day. The recent slowing of US economy seems to have affected it only marginally, as the internal demand in India continues to grow. The demand in this sector is expected to be about 3 million personnel by 2012. Hence the National Association of Software and Services Companies (NASSCOM), a consortium that represents the IT and ITES companies has swung into action. NASSCOM has presented a model Detailed Project Report (DPR) to the Ministry of Human Resource Development (MHRD) for accelerating the establishment of 20 new Indian Institutes of Information Technology (IIIT) as envisaged in the 11th Five Year Plan.

16. The Model DPR is expected to serve as a template for the preparation of the DPR for each individual IIIT. The institutes are expected to be autonomous and work on a Public-Private Partnership (PPP) model. Further, NASSCOM in its report has suggested 20 selected locations for each IIIT based on the industry clusters

nearby that could support it. Each IIIT has been envisioned to become a world class academic institute and evolve as technology/functional Centers of Excellence through a strong focus on research in frontier technology areas. The IIIT is expected to be a joint effort of the MHRD, the respective state government where it is located and industry. India already has 3 IIITs in Bangalore, Hyderabad and Gwalior. The first new IIIT is to be established in Delhi as per the new model. With the huge allocation of funds under the eleventh plan and also private participation, funds may not be a problem in starting these institutions. The biggest challenge will be the finding capable faculty.

DEFENSE RESEARCH AND DEVELOPMENT, PROGRESS REPORT ON THE LIGHT
COMBAT AIRCRAFT

¶7. The Indian Defense Research and Development Organization (DRDO) carried out its first real time hot weather endurance trials of the indigenously developed Light Combat Aircraft (LCA), Tejas. The test involved evaluating through onboard monitoring and telemetry the functioning of the various novel avionics (hardware) and onboard control systems. The flight was subjected to repeated hot soaking

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cycles of 2 to 4 hours in an ambient temperature of about 40 oC, leading to aircraft surface temperatures going up to 70-75 oC. Then the LCA was made to fly at low altitudes (200m) at speeds of 1000 Km/h. The other new feature in this trial flight was the use of external fuel tanks (drop tanks) for the first time. The drop tanks can be disposed off as soon as the fuel is empty and this enables the flight to increase its range. In the current test the Tejas LCA flew nonstop over 1000 Kms from Bangalore to Nagpur. Soon defense personnel expect to conduct trials in Rajasthan under harsher desert conditions, longer range and also multiple low, medium and high altitude flying after hot soaking. The limited series production of the Tejas commenced in 2007. It is expected to get a limited Initial Operational Clearance (IOC) from the Indian Air Force (IAF) by 2008, followed by full operational clearance (FOC) by the end of ¶2010. The present successful trial is part of the IOC process.

¶8. However it needs to be mentioned, as reported earlier [Reftel A] defense research projects in India have generally been lagging behind schedule and such is the case with the LCA. The Aeronautical Development Agency (ADA), one of the nodal labs in DRDO coordinating the LCA project, is in the process of finalizing a consultancy agreement with Boeing Corporation US to accelerate the testing process and minimize the number of trial runs. This is subject to USG approval. Further the IAF is not satisfied with the present GE 404 engine which has a thrust of about 80-85 Kilo Newton as against the IAF's requirements of 95-100 Kilo Newtons. This restricts the maneuverability of the aircraft. The indigenous Kaveri engine is not yet ready and it is also not clear if it would meet the IAF's requirements. Thus the Government of India is yet to decide, whether it should import a new engine or jointly develop a customized engine in collaboration with international partners as per its stated new defense R&D policy [Reftel A].

¶9. Newspapers have also reported plans for user trials of indigenously built heavyweight torpedoes called Varunastra. They were developed by the Naval Science and Technology Labs (NSTL) at Vishakhapatnam. The heavyweight torpedo is expected to undergo user trials from the end of this year to the start of production in 2009. The NSTL had earlier developed a lightweight anti-submarine torpedo which is already under production. As of now the Indian navy uses Italian made torpedoes for training. The new indigenous systems are expected to reduce the cost to one sixth of the imported torpedoes.

THE SOUTH ASIAN COOPERATIVE ENVIRONMENT PROGRAM

¶10. The South Asian Cooperative Environment Program (SACEP) Governing Council meeting in Jaipur, India May 20-22, 2008, was attended by representatives from Afghanistan, Bangladesh, Bhutan,

Pakistan, Maldives, Nepal, Sri Lanka and India ended highly successfully. The Environmental Ministers approved the initiative to create a South Asian Wildlife Enforcement Network (SAWEN), an initiative supported by the US and were appreciative of the State Department's offer to provide political and financial support to SAWEN (Reftel B). India takes over as Chairmanship from Nepal for a year. The Indian Ministry of Environment and Forests' Joint Secretary, Sudhir Mital, chaired the preliminary meeting of focal points from each country and proved to be highly effective at managing the meeting and holding SACEP accountable.

INDIA LAUNCH OF US PUBLIC SERVICE MESSAGE ON WILDLIFE TRAFFICKING

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¶11. India will participate in a global launch of three television public service announcements (PSAs) on combating wildlife trafficking featuring world renowned actor Harrison Ford. The launch is scheduled for June 5, World Environment Day and will be attended by senior officials from the Ministry of Environment and Forests, NGO, wildlife filmmakers and members of the media.

CONSERVATION OF NATURAL RESOURCES AND INDIAN CULTURE

¶12. The Amity University, a leading private university in New Delhi organized a one day seminar on "Conservation of Natural Resources and Indian Culture." The event sponsored by the Ministry of Culture and developed by the Amity School of Natural Resources and Sustainable Development discussed the impact of developmental programs and globalization on conservation and traditional knowledge, and focused on the reviving the ethos of conservation among Indians. Speakers included leading religious figures, Government of India officials, senior faculty from other colleges and NGOs.

INDIA'S POLIO ERADICATION DRIVE, ITS SOCIAL IMPLICATIONS

¶13. The World Health Assembly meeting recently concluded in Geneva urged India to carry out large scale case response vaccination campaigns to eradicate the P1 strain. India's polio update for the Week 22, 2008 indicates 11 new polio cases of polio virus type P3 and the total count for 2008 at 251 with 4 cases of polio virus type P1, and 247 cases of P3. In 2007, the total cases reported for Week 22, 2008 is 873 with 80 P1 cases, 790 P3 cases and 3 of P1+P3 combination. Meanwhile frequent polio vaccination rounds by the Government of India are causing "fatigue" in vaccinators and "suspicion" among parents due to cash incentives provided in the eradication drive as reported by an expert study findings. The study investigates the implementation of new strategies for polio eradication, such as the accelerated delivery of monovalent polio vaccine type 1, use of inactivated polio vaccine (IPV), and provision of cash incentives. Both providers and community stakeholders raised objections about logistical difficulties in IPV administration and injection safety. In the Indian community, the rationale of accelerated immunization rounds is not clear to parents whose concern is "why focus only polio" (when other diseases are not similarly addressed). In addition, the concern of parents is the issue of "ineffective primary health services" that continues to remain, in their opinion inadequately addressed.

AI UPDATE - WHO CONFIRMS FIRST HUMAN CASE IN BANGLADESH

¶14. India continues to monitor the situation in the Kurseong block of Darjeeling district of West Bengal, notified by the Ministry of Health and Family Welfare (MOH) on May 9, 2008 and the second outbreak in the same district in the Bijanbari block on May 16. There is no report of a suspect case of human avian influenza (AI). Meanwhile in India's neighbor, Bangladesh, the Ministry of Health,

Bangladesh has confirmed its first case of human infection with H5N1 strain of AI. The case was identified retrospectively as part of seasonal surveillance activities run by the International Centre for

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Diarrhoeal Disease Research, Bangladesh (ICDDR). The case is a 16-month-old male from Komalapur, Dhaka. He developed symptoms on January 27, 2008 and subsequently recovered. The case was confirmed as being infected with A(H5N1) by the WHO H5 Reference Laboratory of CDC. The case was exposed to live and slaughtered chickens at his home with specimens having been collected from his family members and neighbors, all of whom remain healthy to date.

HIV IMPLEMENTERS' MEETING, KAMPALA, UGANDA

¶15. India PEPFAR Team is attending the HIV Implementers' meeting in Kampala, Uganda from June 3-7, 2008 which is being hosted by the Government of Uganda and sponsored by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR); The Global Fund to Fight AIDS, Tuberculosis and Malaria; UNAIDS; UNICEF; the World Bank; the World Health Organization (WHO); and the Global Network of People Living with HIV/AIDS (GNP+). A total of 1,700 attendees are expected, representing governments, non-governmental organizations including faith- and community-based groups, multilateral organizations, the private sector, and groups of people living with HIV/AIDS. This forum will facilitate open dialogue about future directions of HIV/AIDS programs, with a strong emphasis on implementation best practices and identification of critical barriers. The meeting's theme is "Scaling up through Partnerships: Overcoming Obstacles to Implementation." Recognizing the rapid expansion of HIV/AIDS programs worldwide, the focus of this year's meeting is:

- Building the capacity of local HIV prevention, treatment, and care programs
- Enhancing quality
- Promoting coordination among partners

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